



**DISTRICT OF COLUMBIA RETIREMENT BOARD
OPEN MEETING MINUTES
JUNE 16, 2011
12:30 PM**

MEMBERS PRESENT

Michael J. Warren, Chairman
Lyle M. Blanchard
Barbara Davis Blum
Joseph W. Clark
Deborah Hensley
Judith C. Marcus
Edward C. Smith
George R. Suter
Thomas N. Tippet

DCRB STAFF PRESENT

Eric Stanchfield, Executive Director
Erie Sampson, General Counsel
Sheila Morgan-Johnson
Joan Passerino
Daniel Hernandez
Michael Williamson
Jason Ostroski
Leslie King
Vernon Valentine*
Deborah Reaves
Katie Schultz
Denice McSears
Daniel Gabriel

MEMBERS NOT PRESENT

Joseph M. Bress
Diana K. Bulger
Darrick O. Ross
Lasana Mack, Ex-Officio

OTHERS PRESENT

Brenda Mathis, OCFO
Willie Greene, Loop Capital Markets

*Not present at Roll Call.

ROLL CALL

Chairman Warren called the meeting to order at 12:48 p.m. Mrs. Deborah Reaves called the roll.

APPROVAL OF MINUTES

Mr. Warren made the following motion, which was seconded by Mr. Suter:

Motion #1: To approve the May 19, 2011, Board meeting minutes.

A voice vote was called and the motion was approved 8-0 with 1 abstention. (See Tally #1)

CHAIRMAN'S COMMENTS

Chairman Warren stated that the Board completed its annual fiduciary training with Ian Lanoff of Groom Law Group.

Chairman Warren made the following motion, which was seconded by Mr. Blanchard:

Motion #2: To continue the meeting out of order to allow the General Counsel's report to be moved to the end of the agenda.

A voice vote was called and the motion was approved 9-0. (See Tally #2)

EXECUTIVE DIRECTOR REPORT

Mr. Stanchfield noted that his report has been moved forward in the meeting agenda and updated the Board on the following items:

- New staff: Mr. Stanchfield welcomed Daniel Gabriel, who is a summer intern that will be working in DCRB's legal department. He will be a third-year law student at George Washington University. Vernon Valentine is DCRB's new Acting HR Manager. He has specialized in employee communications and has been previously employed by Hewitt and Aon;
- Split-Benefit Regulations: In April, DCRB requested an extension of the comment period on the split-benefit regulations. Treasury denied this request in early June, but it will be addressing DCRB's concerns in its review of DCRB's comments;
- DCRB Budget: The budget was accepted by the DC Council without any comments or criticism;
- New Phone System: A project to install a new phone system is about to begin. The new system will allow greater flexibility in managing the call flow;
- Disaster Recovery: DCRB has an MOU with the Department of Treasury to have certain disaster recovery plans in place. This is being led by Ms. Morgan-Johnson and Mr. Peter Dewar;
- Technology Updates: WIFI is now available throughout the DCRB offices for members, staff, and Trustees. New software (Tamale) is being implemented to integrate information from all investment sources, which will then be used on dashboards for the Investment staff. It will also allow the accounting and legal departments to tap into data needed to work more efficiently;
- HR updates: Senior Management recently completed employee training, and this training will continue on a yearly basis.

Mr. Clark made the following motion, which was seconded by Ms. Blum:

Motion #3: To approve Chairman Warren's travel plans for a conference. Mr. Michael Warren has received an invitation to participate as a speaker for the 8th Annual Consortium. The conference will be held at the InterContinental Times Square Hotel in New York on June 7-8, 2011. The conference sponsor, Consortium, incurred the cost of registration only. Pursuant to the Board rules, Board action is required because the sponsor will incur the cost of registration.

A voice vote was called and the motion was passed 9-0. (See Tally #3)

Discussion: Trustees were concerned that they were not informed of this travel prior to the event and requested that, going forward, they be notified by phone or email in between Board meetings.

GENERAL COUNSEL REPORT

Ms. Sampson, the General Counsel, noted that items from her report would be discussed later in the meeting during closed session.

INVESTMENT COMMITTEE REPORT

Ms. Blum, Investment Committee Chair, provided updates on the following:

- **Fund Performance:** At May month-end, the Fund value was approximately \$4.93 billion, earning -0.7% for the month; 2.9% for the three months, and 21.5% for the one-year ending May 31, 2011 (all net of fees). For the three-month period ended May 31, 2011, the domestic equity composite returned 2.2%, international equity composite returned 6.1%, and the real estate composite returned 3.9%. In terms of relative performance, over the one-year period ending May 31, the Fund outperformed the Policy Benchmark by 60 basis points, with five out of six asset classes outperforming their respective benchmarks.

OPERATIONS COMMITTEE REPORT

Mr. Clark, the Operations Committee Chair, noted that there were no items to be brought before the Board, but an Operations Committee meeting will be held Thursday, June 21, 2011, at 10am in the DCRB Board room.

No action items were recommended by the Committee.

BENEFITS COMMITTEE REPORT

Mr. Suter, Benefits Committee Chair, updated the Board on the following activities:

- **District of Columbia FY 2012 Budget:** A final vote on the District's Fiscal Year 2012 Budget was taken on June 14, 2011, which passed without any benefit changes proposed in the Pension Protection and Sustainability Amendment Act of 2011. These proposed changes may be brought up again later in the year;
- **Imaging Project:** Phase II of the imaging project started in mid-April and is moving forward according to schedule. The purpose of this project is to enhance the usefulness of FileNet and to position it for future integration with DCRB's new retirement information system;
- **Split Benefit Reconciliation Project:** Although DCRB submitted comments on Treasury's proposed split-benefit regulations by the April 21, 2011 due date, DCRB requested an additional 90-day extension. DCRB asked Treasury to share the data it gathered related to sick leave and purchases of service. On June 7, 2011, Treasury denied DCRB's request for an additional extension. Consequently, DCRB's April 21st comments will be addressed in the final regulations;
- **Federal Check Distribution:** Beginning May 1, 2011, the Federal government began requiring new recipients of Federal payments to receive their payments electronically. Though this legislation applies this year to Federal and military retirees, Medicare and Social Security recipients, and other payees, it will not apply to DCRB's annuitants until March 1, 2013. In addition, there will be an automatic waiver of this requirement for

anyone who requests to receive payment by paper check by March 1, 2013. Between now and March 1, 2013, DCRB will work with Treasury to periodically provide information on this legislation to DCRB's current and future retirees. The first communication urged the approximately 700 DCRB annuitants who are currently receiving paper checks to make the switch to direct deposit.

No action items were recommended by the Committee.

LEGISLATIVE COMMITTEE REPORT

Mr. Blanchard, Legislative Committee Chair, informed the Board that the following item has been introduced before the Council of the District of Columbia:

- B19-0297, "Ethics Reform of Act of 2011": This bill would require that new District employees receive an ethics manual and ethics training and that all employees receive annual ethics training and would impose monetary sanctions for violations of standards of conduct. This bill was introduced May 17, 2011, by Councilmembers Mary Cheh and Kwame Brown and was referred to the Committee on Government Operations and the Environment. A discussion by Trustees and staff followed.

No action items were recommended by the Committee.

OTHER BUSINESS

- Ms. Marcus recently attended a conference in Baltimore and received information she was willing to share about changing benefits. A discussion was held by Trustees and staff about the changing of employees' benefits following their retirement and how this can be detrimental to annuitants.
- Ms. Sampson noted that Councilmember Cheh's staff stated that an opinion from the Attorney General on Catania's legislation has been requested;
- Mr. Blanchard has recently been elected to the steering committee of the D.C. Bar Association;
- Mr. Stanchfield encouraged Trustees to attend the upcoming Operations Committee meeting. A discussion on actuarial assumptions will be held;
- With regards to the DCRB-Treasury Split-Benefit Reconciliation, Mr. Smith and Ms. Hensley asked that they receive copies of the DCRB and Treasury letters.

GENERAL COUNSEL REPORT

Ms Sampson, the General Counsel, updated the Board on the following items:

- DCRB staff completed the requisite D.C. Form 35, "Confidential Statement of Employment and Financial Interests." As the Ethics Counselor, Ms. Sampson is required to review all forms and to certify them by June 15 to the DC Ethics Counselor, whether or not persons designated have filed the required statements, and if not, to provide a list of the employees who have failed to submit the required statements. All of these submissions have been verified;
- FY 2012 Budget Act of 2011 (B19-203): This bill was marked up to clarify that the District's health care contribution on behalf of dependents of Police Officers and

Firefighters who are injured in the line of duty or killed in the line of duty is reduced from 75% to 72%, applicable October 1, 2009;

- **Litigation Update:** On June 14, 2011, DCRB was served a Complaint and Summons in the matter of Deutsch Bank Trust Company Americas, Law Debenture Trust Company of New York, and Wilmington Trust Company. The plaintiffs filed in their capacities as successor indenture trustees of bank notes. The court documents allege that this action arises from the failed leveraged buyout (LBO) of Tribune Company in 2007, which allegedly resulted in Tribune's former shareholders receiving \$8.3 Billion at the expense of Tribune's existing creditors and Tribune's bankruptcy shortly thereafter. Plaintiffs seek to recover all transfers of any proceeds received by each defendant in connection with the LBO. The recovery amount for each defendant was filed under seal pursuant to court order. DCRB (and the Board Chairman) are among the named defendants along with numerous defendants in similar cases pending around the country. DCRB will promptly confer with our outside counsel on DCRB's best defense to this lawsuit and will explore joining with others to share litigation costs.

Mr. Warren made the following motion, which was seconded by Mr. Suter:

Motion #4: To enter into Closed Session at 1:25 p.m., pursuant to DC Code §405(4)(A) to consult with an attorney to obtain legal advice and to preserve the attorney-client privilege between an attorney and a public body, or to approve settlement agreements provided upon request the public body may decide to waive the privilege.

A voice vote was called and the motion was approved 9-0. (See Tally #4)

The Board meeting resumed in closed session.

Mr. Warren made the following motion, which was seconded by Ms. Blum.

Motion #5: To exit Closed Session and to return to Regular Session at 2:00 p.m.

A voice vote was called and the motion was approved 9-0. (See Tally #5)

ADJOURNMENT

Motion #6: Chairman Warren moved to adjourn the meeting at 2:02 p.m. The motion was seconded by Ms. Hensley.

A voice vote was called and the motion was approved 9-0. (See Tally #6)

**DISTRICT OF COLUMBIA RETIREMENT BOARD
RECORD OF OFFICIAL BOARD ACTIONS**

Tally #1		Date: June 16, 2011			
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Blanchard, Lyle M.	√				
Blum, Barbara Davis	√				
Bress, Joseph M.					√
Bulger, Diana K.					√
Clark, Joseph W.			√		
Hensley, Deborah	√				
Marcus, Judith C.	√				
Ross, Darrick O.					√
Smith, Edward C.	√				
Suter, George R.	√				
Tippett, Thomas N.	√				
Warren, Michael J.	√				

Tally #2		Date: June 16, 2011			
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Blanchard, Lyle M.	√				
Blum, Barbara Davis	√				
Bress, Joseph M.					√
Bulger, Diana K.					√
Clark, Joseph W.	√				
Hensley, Deborah	√				
Marcus, Judith C.	√				
Ross, Darrick O.					√
Smith, Edward C.	√				
Suter, George R.	√				
Tippett, Thomas N.	√				
Warren, Michael J.	√				

Tally #3		Date: June 16, 2011			
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Blanchard, Lyle M.	√				
Blum, Barbara Davis	√				
Bress, Joseph M.					√
Bulger, Diana K.					√
Clark, Joseph W.	√				
Hensley, Deborah	√				
Marcus, Judith C.	√				
Ross, Darrick O.					√
Smith, Edward C.	√				
Suter, George R.	√				
Tippett, Thomas N.	√				
Warren, Michael J.	√				

Tally #4		Date: June 16, 2011			
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Blanchard, Lyle M.	√				
Blum, Barbara Davis	√				
Bress, Joseph M.					√
Bulger, Diana K.					√
Clark, Joseph W.	√				
Hensley, Deborah	√				
Marcus, Judith C.	√				
Ross, Darrick O.					√
Smith, Edward C.	√				
Suter, George R.	√				
Tippett, Thomas N.	√				
Warren, Michael J.	√				

Tally #5		Date: June 16, 2011			
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Blanchard, Lyle M.	√				
Blum, Barbara Davis	√				
Bress, Joseph M.					√
Bulger, Diana K.					√
Clark, Joseph W.	√				
Hensley, Deborah	√				
Marcus, Judith C.	√				
Ross, Darrick O.					√
Smith, Edward C.	√				
Suter, George R.	√				
Tippett, Thomas N.	√				
Warren, Michael J.	√				

Tally #6		Date: June 16, 2011			
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Blanchard, Lyle M.	√				
Blum, Barbara Davis	√				
Bress, Joseph M.					√
Bulger, Diana K.					√
Clark, Joseph W.	√				
Hensley, Deborah	√				
Marcus, Judith C.	√				
Ross, Darrick O.					√
Smith, Edward C.	√				
Suter, George R.	√				
Tippett, Thomas N.	√				
Warren, Michael J.	√				